

June 17, 2008

CLERK, U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

0001266432

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I-5 Social Service Corporation

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

In re:

I-5 SOCIAL SERVICES
CORPORATION,

Debtor.

Case No. 07-13032-A-11

Chapter 11

DC No. KDG-9

Date: May 29, 2008

Time: 1:30 p.m.

Place: 2500 Tulare Street, Dept. A
Fresno, California

Judge: Whitney Rimel

FINDINGS OF FACT IN SUPPORT OF CONFIRMATION OF
FIRST AMENDED PLAN OF REORGANIZATION (MODIFIED)
FILED BY DEBTOR

At Fresno, California in the United States Bankruptcy Court for the Eastern District of
California:

1. INTRODUCTION¹

Confirmation of the First Amended Plan of Reorganization filed by I-5 SOCIAL
SERVICES CORPORATION ("Debtor") on March 18, 2008 ("the First Amended Plan") came
on for hearing on May 29, 2008 at 1:30 p.m. after notice to Debtor, the United States Trustee,
all creditors and parties requesting special notice. Appearances were as set forth on the record.

¹ The Capitalized terms herein shall have the same meaning as set forth in the First Amended Plan of
Reorganization (Modified) filed on June 10, 2008.

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1 The Court reviewed the First Amended Plan, the Worksheets for Determining
2 Acceptance of First Amended Plan of Reorganization submitted by Debtor, the Memorandum
3 of Points and Authorities in Support of Confirmation of First Amended Plan of Reorganization
4 filed by Debtor ("the Memorandum of Points and Authorities"), the Request for Judicial Notice
5 in Support of Confirmation of the First Amended Plan of Reorganization filed by Debtor ("the
6 Request for Judicial Notice"), the Declaration of Alex Valdez in Support of Confirmation of
7 Second Amended Plan of Reorganization filed by Debtor ("the Declaration of Alan Valdez")
8 concerning the confirmation standards of 11 USC Section 1129, the Declaration of Leo Aguirre
9 in Support of Confirmation of First Amended Plan of Reorganization ("Declaration of Leo
10 Aguirre"), and the Declaration of Terence J. Long in Support of Confirmation of First
11 Amended Plan of Reorganization ("Declaration of Terence J. Long"), and considered the
12 comments made on the record by counsel for Debtor and other counsel.
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15 The Court considered the Objections to Confirmation of Plan and supporting
16 documents filed by Mortgage Income Fund and Protek Lending LLC, and the Joinder to
17 Objection to Confirmation of Plan filed by Enviroplex, the Response of Debtor, and the Status
18 Report filed by Debtor. The Court also considered that the Objections filed by Mortgage
19 Income Fund, Protek Lending, LLC, and Enviroplex were withdrawn on the record at the
20 hearing on May 29, 2008, based upon Debtor's agreement to modify the First Amended Plan.
21 The Court also considered the modifications to the First Amended Plan of Reorganization
22 stated orally on the record by Mortgage Income Fund and the Debtor, which the Court directed
23 be incorporated into a First Amended Plan of Reorganization as modified. Debtor filed a First
24 Amended Plan of Reorganization (Modified) on June 10, 2008.
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1 After determining that copies of the Plan, the First Amended Disclosure
2 Statement approved by the Court, the Memorandum of Points and Authorities, the Request for
3 Judicial Notice, the Declaration of Alex Valdez, the Declaration of Leo Aguirre, and the
4 Declaration of Terence J. Long had been served on Debtor, the United States Trustee, all
5 creditors, parties in interest and parties requesting special notice, the Court makes the following
6 findings as more fully described on the record at the hearing held on May 29, 2008:
7

8 2. FINDINGS OF FACT AND CONCLUSIONS OF LAW:

9 a. The First Amended Plan of Reorganization (Modified) filed on June 10,
10 2008 (the "Plan") complies with the applicable provisions of Chapter 11 of the Bankruptcy
11 Code and meets the requirements of 11 USC Section 1129 as more fully described below;

12 b. The Plan has been proposed in good faith and not by any means
13 forbidden by law;

14 c. Any payment made or promised by Debtor or the estate for the services
15 or for costs and expenses incurred in connection with the case, or in connection with the Plan
16 and incident to the case, have been disclosed to the Court;

17 d. Each holder of a claim or interest of an impaired class has accepted the
18 Plan has or will receive or retain under the Plan as modified property of a value, as of the
19 effective date of the Plan, that is not less than the amount that such holder would receive or
20 retain if the estate was liquidated under Chapter 7 on account of such claim;

21 e. The Plan has been accepted by at least one class of claims impaired
22 under the Plan excluding insiders of Debtor;

23 f. Confirmation of the Plan is not likely to be followed by the liquidation or
24 the need for further financial reorganization of Debtor except as proposed in the Plan; and

25 g. All required Court and United States Trustee fees will be paid before the
26 Effective Date of the Plan.
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h. the Plan is fair and equitable as it relates to treatment of the following classes of claims which are impaired under the Plan but did not return Ballots or accept the Plan as required by 11 USC Section 1129(a)(8):

- 1) Class Four – Claims of Mortgage Income Fund
- 2) Class Five – Claims of Protek Lending LLC
- 3) Class Seven – Claims of Starr Funding, Inc.
- 4) Class Eight – Claims of Ashok Wadhawa
- 5) Class Nine – Claims of John Steele

Further, Mortgage Income Fund and Protek Lending, LLC, have agreed to the treatment of their claims as set forth in the Plan and, therefore, the Plan is fair and equitable as to their Claims.

i. Notice of the hearing on confirmation of the First Amended Plan was adequate and, based upon the foregoing, good cause appears for the entry of an Order Confirming First Amended Plan of Reorganization (Modified) filed by Debtor.

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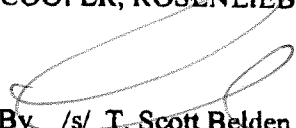
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1 3. The Court shall issue a separate Order Confirming First Amended Plan of
2 Reorganization (Modified) confirming the Plan and setting specified deadlines set forth in the
3 Plan.
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5 **Respectfully Submitted By:**

6 KLEIN, DeNATALE, GOLDNER,
7 COOPER, ROSENLIEN & KIMBALL, LLP

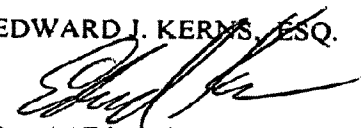
8 
9 By /s/ T. Scott Belden
10 T. Scott Belden, Attorneys for Debtor

11 **Approved as to Form and Content:**

12 LAW OFFICES OF JAMES A. NIEMSTRA

13 By /s/ James A. Niemstra
14 James A. Niemstra, Attorneys for
15 MORTGAGE INCOME FUND

16 EDWARD J. KERNS, ESQ.

17 
18 By /s/ Edward J. Kerns
19 Edward J. Kerns, Attorney for
20 PROTEK LENDING, LLC
21
22
23

Dated:

Jun 17, 2008


United States Bankruptcy Judge

ORIGINAL